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Message Text

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21
ACTION EA-10

INFO OCT-01 ISO-00 AGR-05 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SP-02 STR-01 TRSE-00 CIEP-01 FRB-03

OMB-01 L-02 /044 W
---------- 032177
R 250805Z FEB 75
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 4308

C O N F I D E N T I A L TAIPEI 0937

E.O. 11652: GDS
TAGS: ETRD, TW
SUBJECT: COTTON CONTRACT PROBLEM

REF: STATE 032751

STATE PASS HUME AGRICULTURE

1. BOFT INFORMED AGATT FEB. 25 THAT IT PLANS SEND MESSAGE ROC EMBASSY WASHINGTON BEFORE END OF WEEK INSTRUCTING THAT THEY PROVIDE USG ALL ASSURANCES REQUESTED REFTEL. BOFT BELIEVES REVISED REPORTING PROCEDURE PROVIDED FASTO 40 ACCEPTABLE, BUT MUST CLEAR WITH BANK OF TAIWAN BEFORE COMMITMENT.

2. BOFT OFFICIALS AGAIN RAISED MATTER OF CCC INTEREST RATE AND SAID THEY WOULD REQUEST THAT CCC PROVIDE ROC AN INTEREST RATE NO HIGHER THAN PRIME RATE U.S. COMMERICAL BANKS.

3. MESSAGE TO ROC EMBASSY WASHINGTON WILL REQUEST THAT CCC WAIVE REQUIREMENT 10 PERCENT CONFIRMATION OF L/C BY U.S. BANK SINCE THE GROC IS GUARANTEEING REPAYMENT OF LOAN.

4. UPON QUERY FROM BOFT ABOUT OPERATING PROCEDURES GSM CREDIT, AGATT EXPRSSED BELIEF THAT FINANCING
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WOULD REQUIRE TWO LETTERS OF CREDIT; ONE PROVIDING

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IMMEDIATE PAYMENT TO U.S. EXPORTER UPON PRESENTATION
OF DOCUMENTS FOR THAT PORTION OF CONTTRACT PRICE
40 CENTS PER LB. AND BELOW AND A SECOND L/C CALLING
FOR PAYMENT TO THE U.S. EXPORTER OF THAT PORTION OF
CONTRACT PRICE ABOVE 40 CENTS/LB. IN THREE EQUAL ANNUAL
INSTALLMENTS OF PRINCIPAL AND INTEREST. THIS SECOND
L/C TO BE ASSIGNED TO CCC BY U.S. EXPORTER. CONFIRM
IF THIS CORRECT PROCEDURE.

5. WE NEED SOONEST STEP-BY-STEP DETAILS OPERATION GSM
CREDIT LINE FOR TAIWAN ASSUMING CCC FINANCING THAT
PORTION CONTRACT PRICE ABOVE 40 CENTS POUND. INCLUDE
SPECIFIC DESCRIPTION ALL FINANCIAL DOCUMENTS REQUIRED
AND FLOW OF DOCUMENTS IN SEQUENTIAL ORDER. IF GENERAL
TERM SUCH AS ACCOUNT RECEIVABLE USED, PROVIDE SPECIFIC
DEFINITION OF SUCH DOCUMENTS ACCEPTABLE TO CCC. ALSO
INDICATE WHO DOCUMENTS ARE TO BE DRAWN IN FAVOR OF, IF
APPLICABLE.

6. AGATT OBTAINED TODAY FROM COTTON SPINNERS ASSOC. A LIST
OF 56 TEXTILE MILLS WHO HAVE INDICATED INTENTIONS OF
APPLYING FOR $66 MILLION GSM-4 FINANCING COVERING
228,000 BALES.
UNGER

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, CONTRACTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TAIPEI00937
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Previous Handling Restrictions: n/a
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Review Exemptions: n/a
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